

PSC approves refund of \$16.4 million to Alabama Power customers

Special to the Sun | Posted: Wednesday, December 7, 2011 12:42 pm

The Alabama Public Service Commission recently voted to approve a refund to Alabama Power Company customers of about \$16.4 million. The refund emerged from a federal damage award received by Alabama Power and is expected to appear on customer bills in March 2012. The amount of the refund for each customer will depend on each customer's usage. For a residential customer using 1,000 kwh, the one-time bill credit is estimated to be between \$4 and \$5.

In a letter dated Oct. 24, Alabama Power Company notified the PSC that it had recovered damages from the United States government concerning certain obligations of the Department of Energy relating to the acceptance, transport and disposal of spent nuclear fuel. The damage award was based on the costs incurred by Alabama Power to construct on-site storage facilities for the spent nuclear fuel that has not been accepted by the federal government.

"It has always been my policy, that whenever possible, the companies should refund customers for overpayments. Last year, I worked to get Alabama Gas customers a \$25 million refund in the form of a bill credit. Today, I voted for a refund for Alabama Power Customers. It's my priority to keep money in the pockets of the ratepayers," said president Lucy Baxley.

Commissioner Twinkle Andress Cavanaugh said, "I originally proposed the utility refund because families are hurting in this economy and every penny counts. When I was sworn in at the PSC, I promised that keeping utility rates affordable and helping create jobs would be my focus. Today's actions show we are following through on that commitment."

In other electricity related news, the PSC approved an extension of Alabama Power's fuel cost recovery rate for another 12 months as well as a 12-month continuation of the Company's environmental cost recovery factors. This is extremely good news in that 2012 rates for Alabama Power's customers should remain stable.

On the natural gas front, the Commission noted a filing by Alabama Gas Corporation that will result in reduced residential bills. The December 1 reduction, combined with seven consecutive gas cost reductions the company has filed since October 2008, will save the average residential customer \$238 per year, including utility taxes, compared to rates in effect in December 2008. The impact on individual bills may vary according to actual usage.

In a similar vein, the Commission recognized its Natural Gas Section for its productive work with Mobile Gas. On Oct. 26, Mobile Gas filed changes in its rates in accordance with the RSE provision of its tariff which would have resulted in an increase of \$3,180,871 or 3.31 percent in annual revenue. The Natural Gas Section, in cooperation with the Attorney General's office, performed a thorough review of the Company's filing and its supporting documentation. As a result of the review and changes to other rate components, the average residential customer using 365 therms annually will now pay \$5.87 less on an annual basis for gas service, a decrease of about 1 percent compared to the amount billed under the immediately preceding rates. On Dec. 2, Mobile Gas filed a new Schedule of Rates reflecting the lower rates.

Commissioner Terry Dunn said holding down natural gas and electricity rates in 2012 will help Alabama families manage through a tough economy.

"I'm delighted that we have good news for utility customers today," Dunn said. "We will see some rates actually fall next year while others will remain flat. There will be zero increase."

The commissioner said he was also pleased to vote for the modest refund to Alabama Power Company customers. "I just wish it could have been more," Dunn said.